GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:1756
ANSWERED ON:14.03.2002
CAG REPORT ON DEFENCE SERVICES
RENU KUMARI SINGH

Will the Minister of DEFENCE be pleased to state:

(a) whether the Government have received the reply of the Director General Supplies and Transport in respect of para No. 28 of CAG Report No. 7 of 2001 Union Government (Defence Services);

(b) if so, the details thereof;

(c) the reaction of the Government thereto;

(d) whether there is any proposal to fix responsibility on erring officials for causing loss to the tune of Rs. 85 lakhs to the State; and

(e) if not the reasons therefor?

Answer

MINISTER OF DEFENCE (SHRI GEORGE FERNANDES)

(a) to (e) : A Statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 1756 F 14.3.2002

Ministry of Defence has received the reply of the Directorate General Supplies and Transport, in respect of para No.28 of the Report No. 7 of 2001, of the Comptroller and Auditor General of India, Union Government (Defence Services).

2. The comments of Army Headquarters, Directorate General Supplies and Transport, on the Audit Para No. 28 of the Report No. 7 of 2001, of the Comptroller and Auditor General of India, Union Government (Defence Services), regarding `Non-availing of an advantageous offer` are given below :-

`It may be relevant that the conclusion arrived at by the audit stating that the Directorate General Supplies and Transport put Government to avoidable extra expenditure of Rs. 85 lakhs is wrong and misconceived in view of the fact that the Tender Purchase Committee, headed by the then Joint Secretary (Ordnance) of Ministry of Defence, had decided to place the contracts by taking overall view of the circumstances before it. It is reiterated that the offer of M/s Bayer (India) limited was clearly a conditional tender, and was rightly not considered. Moreover, a new source of supply was being developed to enable a healthy competition. Hence the observation of the Audit authorities are based on assumptions and presumptions. It is clarified that the total quantity to be procured against the re-tender was 40,000 litres only. Therefore, the offer of the firm could not be availed for 44,500 litres. Further, by re-tendering the demand, the policy of the Government for developing new source of supply has also been achieved. The order for 5000 litres was placed on M/s Trans- Electra on specific recommendation by Directorate General of Quality Assurance; and the same was successfully completed by them.`

`The decision was taken by the Tender Purchase Committee in its wisdom strictly as per purchase procedure and accordingly the free supply offer of M/s Bayer Limited was rightly rejected, being a conditional offer and not a quantitative discountoffer as wrongly assumed by the audit. Since there is no departure from the purchase procedure adopted by the Tender Purchase Committee, the question of taking remedial action by Directorate General Supplies and Transport on the issue does not arise.`

3. The Audit Report and the reply of Directorate General Supplies and Transport is being examined in the Ministry of DefenceAfter detailed examination and consultation/vetting by the Finance Division of this Ministryand with the Director General of Audit (Defence Services), a suitable Action Taken Report will be finalised and sent to the Ministry of Finance/Monitoring Cell for onward submission to the Public Accounts Committee for examination.